

Bureau of Land Management, Interior

§ 3504.55

and hardrock leases, pay the minimum royalty in advance before the lease anniversary date. For sodium, potassium and asphalt leases the minimum royalty is due in advance before January 1 of each year.

(b) MMS will credit any lease rental payment (see § 3504.16(d) of this part) against the minimum royalty payment amount due under paragraph (a) of this section. MMS then will credit your minimum royalty as specified under paragraph (a) to your production royalties for that year only. For example, if you pay \$1,000 in rental and you owe \$3,000 in minimum royalties, you will pay a total of \$3,000 for both. If during the lease year you accrue \$10,000 in production royalties, MMS will credit \$3,000 against that amount.

(c) Hardrock mineral leases or development or operating agreements subject to escalating rentals are exempt from minimum production and minimum royalty requirements.

§ 3504.26 May I create overriding royalties on my Federal lease?

Yes, but:

(a) BLM may order you to suspend or reduce your overriding royalties to as low as one percent if we determine your overriding royalty could:

- (1) Cause you to abandon your lease prematurely; or
- (2) Prevent mining of marginally economic or low-grade deposits.

(b) Where more than one overriding royalty interest is involved, BLM will apply any suspension or reduction to these interests in the manner agreed upon by the interest holders. If there is no agreement, we will order suspensions and reductions starting with the most recent interest and continuing in reverse order of the dates the overriding interests were created.

(c) If you apply for a royalty rate reduction under subpart 3513, of this part, we may request that you reduce your overriding royalties.

BONDING

§ 3504.50 Do I have to file a bond to receive a permit or lease?

Yes, unless paragraph (b) of this section applies.

(a) BLM will set permit and lease bond amounts for each lease or permit. We will consider the cost of complying with all permit and lease terms, including royalty and reclamation requirements, when setting bond amounts. The minimum bond amount for prospecting permits is \$1000. The minimum bond amount for leases is \$5000.

(b) BLM may enter into agreements with states to provide for your state reclamation bond to satisfy our reclamation bonding requirements. We may need additional information from you to determine whether your state bond will cover all of our reclamation requirements. If you have filed a current bond with a state where we have an agreement, and we determine that your state bond will satisfy all BLM reclamation bonding requirements, you will only need to file evidence of that state bond with BLM. We will require an additional bond from you if we determine your state bond does not cover all of our bonding requirements.

§ 3504.51 How do I file my bond?

File one copy of your bond in the BLM State office where you applied for a permit or lease. You must use an approved BLM form. You must sign the form if you are the principal of a personal bond. For surety bonds, both you and an acceptable surety must sign the form.

§ 3504.55 What types of bonds are acceptable?

You may file either a personal bond or a surety bond.

(a) Personal bonds may be in the form of:

- (1) Cashier's check;
- (2) Certified check; or
- (3) Negotiable U.S. Treasury bonds

equal in value to your bond amount. If you submit Treasury bonds, you must give the Secretary full authority to sell the securities if you default on your permit or lease obligations.

(b) Surety bonds must be issued by qualified surety companies approved by the Department of the Treasury. You can get a list of qualified sureties at any BLM State Office.